

Advantis
credit union
WITH US YOU CAN



ANNUAL REPORT
2018

Federally insured by NCUA

REPORT OF THE CHAIR & PRESIDENT

Celebrating 90 Years

Our story began in September 1928 when 36 employees from the Portland Electric Power Company joined together to form Pepco Employees' Credit Union. They created a true financial cooperative, each contributing what they could to help one another. Members were able to borrow at lower rates, enjoy higher earnings, and pay lower fees than they would at a bank. After more than 90 years of safe and sound financial management by our members - and a few name changes along the way - we've grown to become one of Oregon's largest credit unions, over 75,000 members strong. And while we may have grown a great deal from our humble beginnings, our core mission has remained the same: to help our members improve their financial lives.

Financial Highlights

Advantis concluded our 90th year with solid financial results. Advantis produced net income of \$11 million, a strong return of 0.79% on average assets. The credit union increased its capital for the ninth consecutive year, building a safe and strong foundation for future growth. We ended 2018 with a net worth ratio of 11.39%, well above the regulatory standard for well-capitalized credit unions.

Advantis continued to carefully manage and maintain low operational expenses, which were 10.5% lower than our peer average, allowing us to return more value to our members through market leading deposit rates. Even with an increasing number of financial services choices, members continued to invest more in our cooperative, earning higher rates on their

savings and helping Advantis to achieve 5.12% deposit growth. We thank our members for their loyalty and their business.

2018 Initiatives

Advantis completed several initiatives that support our focus on *making it easy* for our members to do business with us. We opened a new branch in the Woodstock neighborhood in January, making it more convenient to get in-person financial advice. Since our doors opened, we've welcomed over 1,000 new members to our cooperative at this location alone.

Advantis also made improvements to our online and mobile service channels. We launched Google Pay and Samsung Pay, providing members with more convenient ways to make purchases. We also introduced enhanced ways for our members to pay their loans and bills. Members can now make loan payments using a debit or credit card on our website, and are enjoying new enhancements to Bill Pay that we completed in November. Advantis also made it easier and faster to open a new account online.

We introduced several new features in online banking throughout the year, including Account Snapshot (providing you an overview of your accounts without needing to login), Account Aggregation (allowing you to add and review your non-Advantis accounts all in one place), and mobile push notifications (keeping you updated while you're on the go).

Advantis also created new products to fit members' needs. In May, we launched new High-Growth Certificates, IRA, and Money

Market accounts, offering top of market rates, simplified terms, and new features. For example, you can now use our Add-To feature to add funds to your certificate at any time.

Plans for 2019

In the year ahead, Advantis will open our ninth branch this summer in Gresham on NE Burnside Road, providing a more convenient location for our members living east of Portland. Advantis will also continue to improve our product mix and online service channels. We will enhance our deposit product offerings, and introduce a new suite of accounts and financial education for youth, students, and members new to borrowing. Advantis will roll out enhancements and new features for our online and mobile banking platforms, making it easier for you to manage your finances from anywhere, anytime.

We thank our Board for their service and unwavering commitment to serve the best interests of our members. We'd also like to thank our staff, who serve as passionate advocates for our members. And most importantly, we want to thank our members for your ongoing loyalty and support. You are the reason we're 90 years old, stronger than ever.



Amanda Owings

Amanda M. Owings
CHAIR, BOARD OF DIRECTORS



Robert W. Corwin

Robert W. Corwin
PRESIDENT/CEO

MEMBERS SAY IT BEST

“

My financial future has improved consistently since I joined Advantis.

- Stephanie B.

It is just nice working with people you can trust to have your best interests at heart.

- Mary Ann H.

Advantis has consistently had our family's back when we needed it. Thank you.

- Cassie S.

I felt seen there - kind of like Cheers, where everybody knows your name.

- Katherine B.

I have been your credit union member since 1975 (please do the math on how many years that is). As a young family man I was treated with unparalleled courtesy and respect. That continues today.

- Dale G.

The credit union seems devoted to its customers, especially with helping people to create financial health.

- Mary B.

”

ADVANTIS IN THE COMMUNITY

When you bank with Advantis you add value to the local community. As a not-for-profit cooperative we not only return financial value to you through great rates and more free services, but also donate time and resources to help our local communities grow stronger. The more our cooperative grows, the more we can return to our community.

2018 Community Giving:



1,179

HOURS
volunteered by
our employees
in the community



\$68,515

CONTRIBUTED
through event sponsorships
for charitable causes



\$154,566

DONATED
to nonprofit organizations
through corporate, in-kind
and employee match
donations



42%

SERVED

Nearly half of Advantis
employees volunteered at
a nonprofit or school in 2018



Advantis staff help keep our city clean and green by volunteering at neighborhood clean-up events with SOLVE.



Each summer, our dedicated volunteers spend two days at Habitat for Humanity, helping the nonprofit towards its mission of providing affordable homeownership opportunities in the Portland Metro area.



The Audubon Society of Portland received a 2018 Grow grant to support the TALON (Teach, Advocate, Lead, Observe, Nurture) Program. Portland Audubon's TALON job training program provides leadership, skills training, and paid apprenticeships in conservation fields to youth of color living in and around Portland. TALON builds leadership in the environmental community that reflects our region's diversity.



Grow: The Advantis Community Fund is our annual \$50,000 grant fund designed to provide nonprofit organizations with resources to address a wide range of needs in the community, one project at a time. Since its launch in 2011, Grow has contributed over \$400,000 to local organizations and funded 52 projects. We were proud to award six local nonprofits with grants in 2018.



Serving all of East Multnomah County, SnowCap Community Charities makes healthy, fresh foods available to individuals, children, the elderly, and those who would otherwise go without. SnowCap received a 2018 Grow grant to purchase Chromebooks and mobile WiFi to register clients for food deliveries, provide signature pads for the pantry, and replace broken office chairs for intake volunteers.

STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2018 and 2017

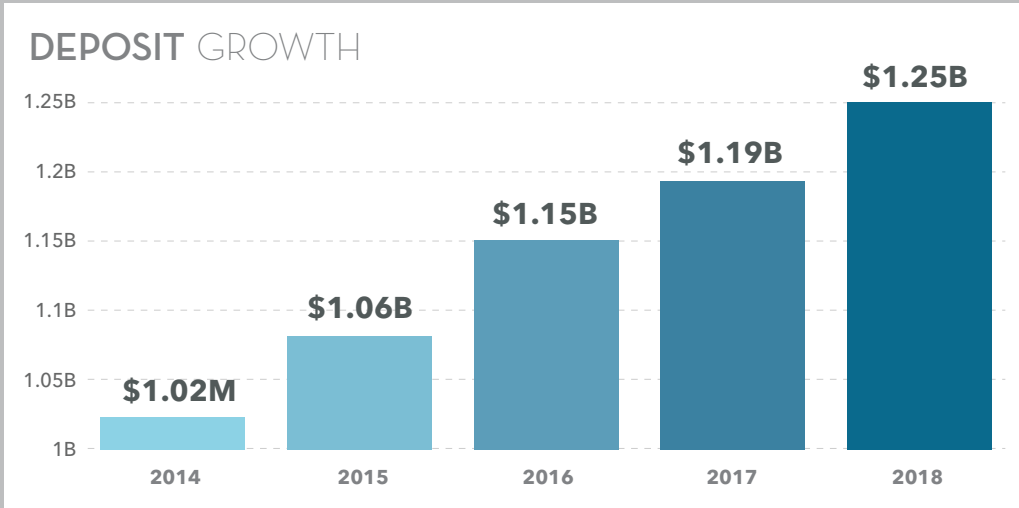
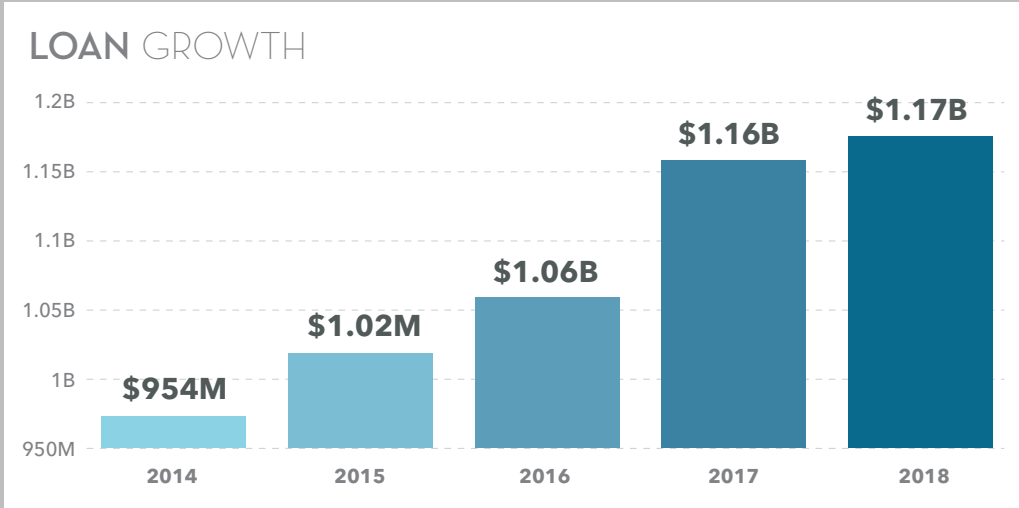
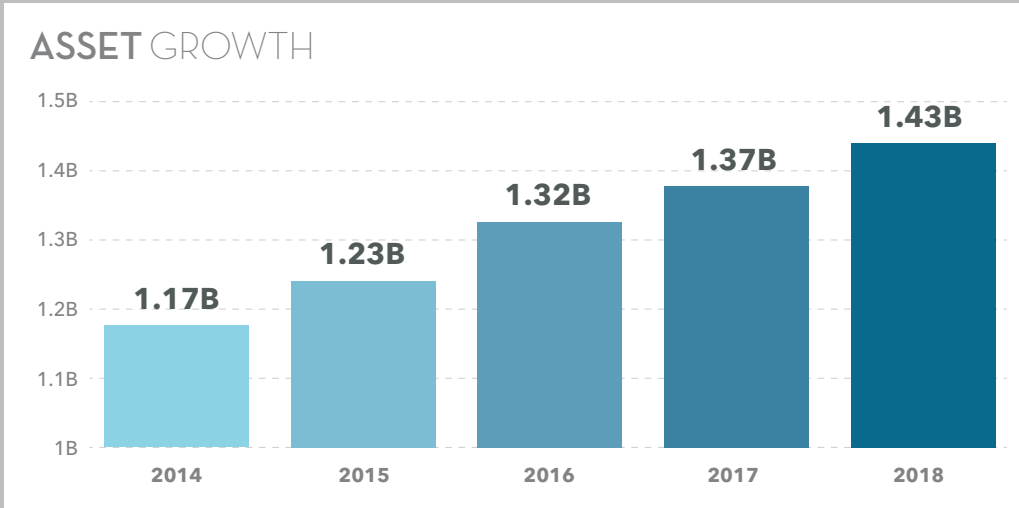
ASSETS	2018	2017
Cash and cash equivalents	\$150,244,019	\$108,958,326
Investments	29,892,096	37,467,489
Loans to members, net of allowance for loan loss	1,174,911,951	1,158,111,027
Property & equipment	10,199,376	10,979,288
National Credit Union Share Insurance Fund Deposit	11,073,860	10,943,713
Other assets	50,546,813	46,200,169
TOTAL ASSETS	\$1,426,868,115	\$1,372,660,012
LIABILITIES AND EQUITY		
LIABILITIES		
Members' shares	\$1,248,815,742	\$1,187,993,374
Accrued expenses and other liabilities	15,738,943	13,111,573
Borrowed funds	-	20,000,000
Total Liabilities	1,264,554,685	1,221,104,947
EQUITY		
Regular reserves	16,965,039	16,965,039
Retained earnings	145,507,615	134,518,412
Accumulated other comprehensive income	(159,224)	71,614
Total Equity	162,313,430	151,555,065
TOTAL LIABILITIES & EQUITY	\$1,426,868,115	\$1,372,660,012

STATEMENTS OF INCOME

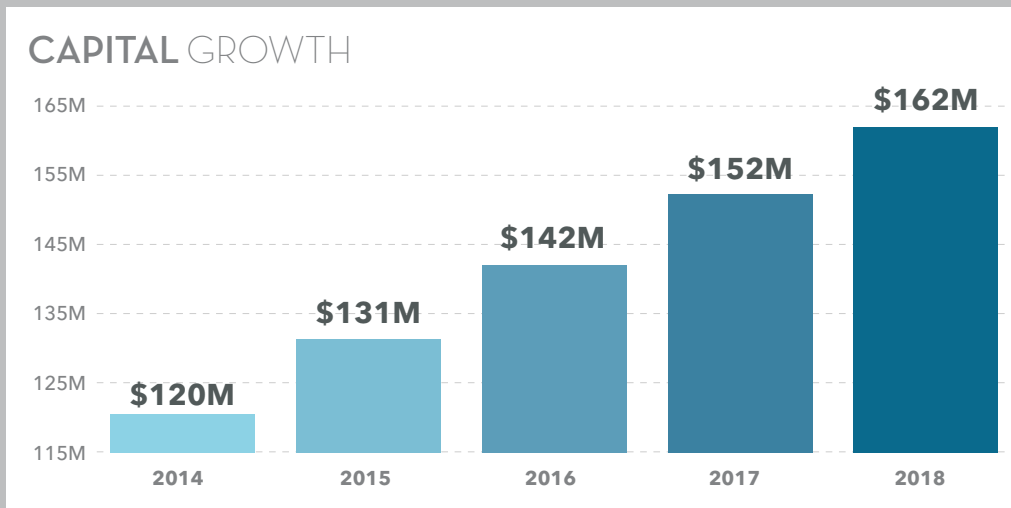
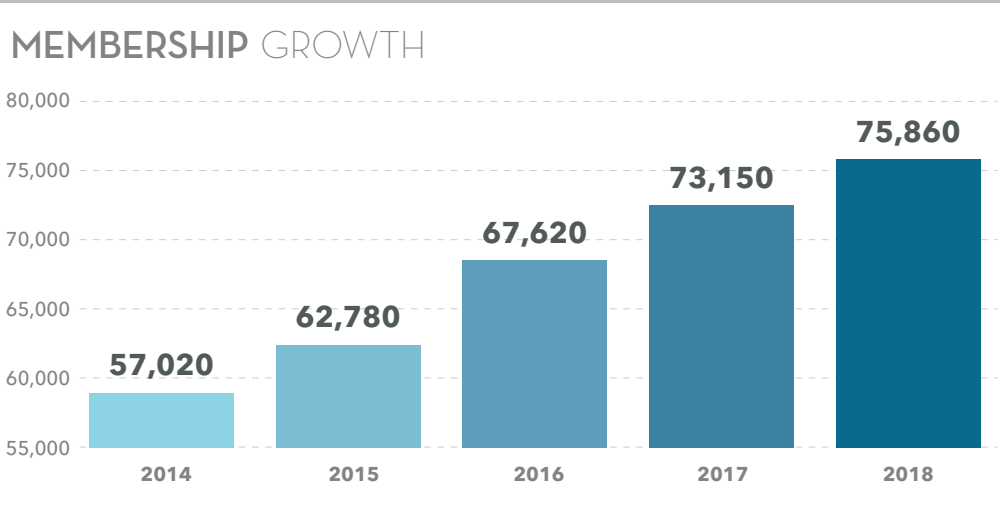
For the years ending December 31, 2018 and 2017

NET INTEREST INCOME	2018	2017
Interest on loans	\$52,874,216	\$47,170,378
Interest on investments and cash equivalents	2,722,693	2,514,912
Dividend expense	9,752,049	8,779,019
Interest expense on borrowed funds	287,612	314,306
Provision expense for loan losses	8,614,049	7,817,019
Net interest income after provision expense	36,943,199	32,774,946
OTHER INCOME	12,393,610	13,136,157
OPERATING EXPENSES		
Salaries & Benefits	18,501,090	17,158,746
Operations and Occupancy	19,846,516	19,347,638
Total operating expenses	38,347,606	36,506,384
NET INCOME	\$10,989,203	\$9,404,719

FINANCIAL TRENDS



FINANCIAL TRENDS



75,860
Members Strong

As of December 31st **2018**

Assets	\$1,427,000,000
Deposits	\$1,249,000,000
Loans	\$1,175,000,000

Audit Committee Report

The Advantis Credit Union Audit Committee is a five-member team appointed by the Board of Directors and is responsible for ensuring that the credit union safeguards its assets, complies with regulatory requirements, and maintains adequate systems of internal control and financial reporting. In 2018, the Committee held quarterly meetings with Advantis' Senior Audit Officer, participated in all monthly meetings of the Board of Directors, and examined the credit union's monthly financial reports.

In fulfilling statutory duties and obligations to safeguard member assets, the Audit Committee's primary responsibilities includes strategic oversight of (1) the independent external financial audit of the financial statements and records, (2) internal assessments of the control structures for the Credit Union, (3) the verification of members accounts, (4) the ongoing reviews of closed accounts, (5) the internal audit function.

To accomplish these responsibilities, the Audit Committee retained the services of Moss Adams, LLP, an independent external auditor, to perform an audit of the Credit Union's financial statements for the year ended December 31, 2018 and the Credit Union's Internal Audit staff to provide internal audit services.

The Credit Union was also examined by its government regulators during 2018, the Division of Credit Unions of the State of Oregon Department of Consumer and Business Services, Division of Financial Regulation and the National Credit Union Administration (NCUA).

It is the conclusion of the Audit Committee that Advantis Credit Union is operated in a safe and sound financial manner and the assets of the membership are being effectively safeguarded.

We appreciate the opportunity to serve the Advantis family in this capacity.



Brandon Lepley
Audit Committee Chair
4/18/2019

Board of Directors

Amanda Owings, Chair
Andy Dolberg, Vice Chair
Tammy Teske, Secretary/Treasurer
Tarun Gudz
Patrick Hager
Renee Halpern
Roger Hediger
Jake Jensen
Rick Veira

Associate Directors

Frederic Dupeyroux
Liz Good
Bryan Sims

Audit Committee

Brandon Lepley, Chair
Joseph Albert
Kellan Davis
Tom Hoang
Ross Wescott

Branch Locations

Belmont
3010 SE Belmont Street
Portland, OR 97214

Downtown
120 SW Taylor Street
Portland, OR 97204

Fremont
3515 NE 15th Avenue
Portland, OR 97212

Hillsboro
7387 NE Butler Street
Hillsboro, OR 97124

Lloyd Center
825 NE Multnomah Street, Suite 110
Portland, OR 97232

Scholls Ferry
12262 SW Scholls Ferry Rd
Tigard, OR 97223

West Linn
21900 Willamette Drive, Suite 204
West Linn, OR 97068

Woodstock
4235 SE Woodstock Blvd
Portland, OR 97206

Executive Leadership Team

Bob Corwin
President/CEO
Tim Clouse
SVP/Chief Innovation Officer
Wendy Edwards
SVP/Chief Administrative Officer
Chris Groshko
SVP/Chief Retail Officer
Keli Myers
SVP/Chief Credit Officer
John Nichols
Vice President of Marketing
Laurie Wilson
SVP/Chief Financial Officer

Administration Office

9200 SE Sunnybrook Blvd., Suite 300
Clackamas, OR 97015

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